



Canada Life

**Transfer of MGM Advantage Life Limited's UK pension,
savings and retirement policies to Canada Life Limited**

Policyholder information booklet



Transfer of MGM Advantage Life Limited’s UK pension, savings and retirement policies to Canada Life Limited

We have agreed to transfer MGM Advantage Life Limited’s UK pension, savings and retirement policies to Canada Life Limited.

This information booklet is being sent to every policyholder who will be affected by the transfer and provides you with the key facts relating to the transfer. There may be others who have an interest in your policy, so please share this information with them if appropriate.

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If you have any questions, you can contact us:-

By phone: 0800 032 7691 (freephone from the UK) or +44 1903 894153 (from overseas) between the hours of 8am and 6pm, Monday to Friday, except on bank holidays in England and Wales

By email: Transfer@canadalife.co.uk

By letter: Canada Life
Part VII Transfer
PO Box 4993
Worthing
BN99 4AE

You can also have a look at our website www.canadalife.co.uk/Part-VII-Transfer where all documents relating to this transfer are available, including scheme documents, the Independent Expert’s full report and reports by Canada Life Limited’s and MGM Advantage Life Limited’s Chief Actuaries.

Section 1. The Transfer

We are writing to let you know about changes to our business. In October 2018, we rebranded “Retirement Advantage” (the trading name of MGM Advantage Life Limited (“**MALL**”) at that time) as “Canada Life” and announced our intention to transfer the legal ownership of all insurance policies written by MALL to Canada Life Limited (“**CLL**”) (the “**Transfer**”). It is intended that the Transfer will take place by way of an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (“**FSMA**”) (the “**Scheme**”).

This Transfer affects you if you have:

- A. taken out a policy under the Retirement Advantage brand including The Retirement Account, Guaranteed Annuity (also known previously as Enhanced Annuity) and/or Flexible Income Annuity;

OR

- B. taken out a Retirement Account policy on or after 1 October 2018 under the Canada Life brand.

We are now in a position to begin the Transfer process, which will need approval by the High Court of Justice of England and Wales (the “**Court**”). If the Court approves the Transfer, it is expected to occur on 31 December 2019.

This information booklet is intended as a guide to the Scheme. It provides key information about the Scheme (in particular, the policies that will be transferred to CLL and your rights under your policy following the Transfer), as well as how you can raise any concerns.

Please share this information with anyone who may have an interest in an affected policy. Such persons may include:

- A dependant on your joint life policy.
- A transferee of the right of the insurance benefit under your policy.
- A beneficiary – someone who might get a payment from the policy other than you.
- A beneficial owner – someone who has a beneficial interest in the policy under a nominee/trustee arrangement.
- Someone who holds a power of attorney for a policyholder.

As an affected policyholder, you have the right to tell us or the Court about any concerns, or objections to, the Scheme. Information about how to do this can be found in the answer to Question 13, Section 2 of this information booklet.

The Court hearing is expected to be held at the High Court of Justice of England and Wales, Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL on 12 December 2019. If this date changes, we will post the details on our website at www.canadalife.co.uk/Part-VII-Transfer. If the High Court approves the Transfer, we expect to implement it on 31 December 2019 at 23:59 hours (GMT).

If you have any questions that are not answered in this booklet, please contact us using the details on page 2.

Section 2. Frequently Asked Questions

The questions and answers cover issues about the Scheme that policyholders may find useful. The answers are general – so while they are correct for most policyholders, there may be a few exceptions for individual circumstances. If you have any questions that are not covered please contact us using the details on page 2.

Q1. Why have I been sent this information booklet?

This information booklet is being sent to every policyholder who will be affected by the Scheme. The booklet is for your information only.

However, there may be others who have an interest in your policy, so please share this information with them if appropriate. Alternatively, you can direct them to information available online at www.canadalife.co.uk/Part-VII-Transfer.

Q2. What are the proposed changes?

Following the Transfer there will be changes to which company performs specific roles in relation to your policy, dependent on your policy type.

If you hold a Guaranteed Annuity or a Flexible Income Annuity: your policy will be transferred in its entirety from MALL to CLL. This means there will be changes to how you manage your policy. Further information on these changes is provided in response to Question 7.

If you hold a Retirement Account policy: CLL will replace MALL in its role as the provider of the Guaranteed Annuity and the insurance funds in which your investment policy is invested. All other roles in relation to your Retirement Account will remain with MALL and this means you should continue to manage your policy in the same manner as before. Further information on these changes is provided in response to Question 7.

Q3. When will the Transfer take place?

If the Court approves the Scheme, the Transfer is expected to take effect on 31 December 2019 at 23:59 hours (GMT) (the “Effective Date”).

Q4. Why are MALL and CLL doing this?

In August 2017, The Canada Life Group (U.K.) Limited announced an agreement to acquire MGM Advantage Holdings Limited, the parent company of MALL. The acquisition was completed in January 2018. It was intended at the point of the acquisition that the MALL-operated “Retirement Advantage” business would be consolidated with the Canada Life business and both businesses would operate under the “Canada Life” brand.

This consolidation will allow MALL and CLL to operate more efficiently and simplify the management and administration of their policies.

Q5. Can you give me more information about MGM Advantage Life Limited?

MALL is a member of the Canada Life group that operates a UK-based retirement, pensions and savings business. Until 1 October 2018, this business operated under the “Retirement

Advantage” brand. The business is now operated under the “Canada Life” brand and provides those who are in, at, or approaching retirement with a range of simple, secure and flexible products to suit their needs. MALL is part of the Great-West Lifeco Inc. group, one of the largest Canadian life and health insurance companies. MALL is authorised and regulated by the Prudential Regulation Authority (the “PRA”), and is also regulated by the Financial Conduct Authority (the “FCA”).

Q6. Can you give me more information about Canada Life Limited?

CLL is a member of the Canada Life group that operates a UK-based retirement, investment and protection business. CLL is part of the Great-West Lifeco Inc. group, one of the largest Canadian life and health insurance companies. CLL is authorised and regulated by the PRA, and is also regulated by the FCA.

Q7. What effect does the Transfer have on my policy?

Except as set out below, the Scheme will have no effect on the terms and conditions of your policy.

If you hold a Guaranteed Annuity or a Flexible Income Annuity: you will, from the Effective Date of the Transfer, have the same rights against CLL as you previously did against MALL and your policy will run in the same way as before.

If you hold a Retirement Account policy: your terms and conditions will stay with MALL and the way in which you manage your policy will not change. The Scheme will only operate to change:

- who provides the Guaranteed Annuity within your Retirement Account (if applicable), and
- who provides the insurance funds to which your investment policy is invested (if applicable).

These roles will be transferred from MALL to CLL.

There will not be any changes to the operation of your Retirement Account as a result of the Transfer and you should continue to interact with MALL regarding your policy in the same manner as usual.

Q8. Is there an opportunity to vote on the Scheme?

No. For a Part VII transfer process, there is no vote on the proposals. However, if you consider that you may be adversely affected by the Scheme, then you may make representations to the Court. Please see Question 13 for more information on how to do this.

Q9. How will my interests be protected?

Your interests will be protected throughout this process. In particular:

- We are publishing notices in the press and are writing to you now to inform you of the Scheme process and how you may raise concerns.
- The Transfer will be reviewed by an Independent Expert specifically appointed to assess the impact on policyholders.
- We are consulting with and obtaining guidance from the PRA and the FCA.

- The Transfer will not go ahead unless the Scheme is approved by the Court. The Court will consider concerns or objections raised by policyholders when making its decision.

Q10. Will the Scheme affect my ability to make any claims or complaints about my policy?

If you hold a Guaranteed Annuity or a Flexible Income Annuity: if you have any claims or want to make a complaint in relation to your policy after the Scheme has become effective, you will be able to make that claim or complaint against CLL as if it were MALL. If you have any current, ongoing complaint or claim this will also transfer to CLL.

If you hold a Retirement Account policy: if you have any claims or want to make a complaint in relation to your policy after the Scheme has become effective, you should continue to make that claim or complaint against MALL. If you have any current, ongoing complaint or claim this will also remain with MALL.

For all policyholders: the Scheme will not have any impact on your access as a policyholder to the Financial Ombudsman Service or your right to receive compensation under the Financial Services Compensation Scheme.

If you want to make a complaint about the Scheme itself, please refer to Question 13 below for further information.

Q11. What is the role of the Independent Expert?

The PRA and FCA have approved the appointment of Nick Dumbreck, of Milliman LLP, as the **“Independent Expert”**. His role is to consider, among other things, the effect of the Scheme on the security of your contractual rights in the transferring policies. The Independent Expert has concluded that the Scheme will not have a material adverse effect on the security of any of the affected policies. He has also concluded that the Scheme will not have an impact on service standards experienced by the policyholders of MALL.

A copy of the full Independent Expert’s report can be found at: www.canadalife.co.uk/Part-VII-Transfer.

A summary of the Independent Expert’s report is included in Appendix 2 of this booklet.

Independence of the Independent Expert

The Independent Expert has a duty to the Court. The main purpose of his report is to help the Court in deciding whether or not to approve the Scheme. The Independent Expert’s obligation to the Court overrides any obligations he has to anyone else (including to MALL and CLL).

Assessment of “material adverse effect”

The Independent Expert is an actuary. His job in this case is to work out the possible implications of the Transfer by considering how likely future events are to impact on the security of the policyholders. The phrase “no material adverse effect” (or equivalent) reflects the standard terms used in the analysis of transfers like this, including by the Independent Expert in his analysis. It means that it is very unlikely that this Transfer will have any negative impact on you and your policy and, if it does, it will not be significant.

Although the situation for most policyholders is that they won’t be affected by the Transfer, this may not be the case for all policyholders. This is only because outcomes for different groups of policyholders may be slightly different, and there are a range of possible outcomes for all policyholders. If a potential outcome is very unlikely to happen and would not have a significant impact, or is likely to happen but has a very small impact, then it is not considered to materially adversely affect policyholders.

The Independent Expert has not identified any circumstances in which policyholders are likely to be materially adversely affected by this Transfer.

Q12. Have any other experts assessed the effect of the Scheme?

The Chief Actuaries of MALL and of CLL have also considered how the Scheme may affect policyholders.

The Chief Actuary of MALL has concluded that:

- The Scheme will have a beneficial impact on the security of benefits of the transferring MALL policyholders; and
- The reasonable benefit expectations of MALL’s policyholders are not expected to be materially adversely affected by the Scheme.

The Chief Actuary of CLL has concluded that:

- The security of benefits of MALL’s policyholders’ policies is expected to be improved by the Scheme; and
- The reasonable benefit expectations of MALL’s policyholders for their policies will not be adversely affected by the Scheme.

Q13. What options are available to me if I have concerns about the Scheme or I think I will be adversely affected?

If you have concerns about the Scheme, believe you will be adversely affected by the Transfer, or wish to object to it, you can call or write to us. We’ll look at any concerns raised and pass them on to the PRA and the FCA, the Independent Expert and the Court. The Court will consider any concerns or objections when deciding whether to approve the Scheme.

You have the right to make written representations to the Court and/or appear at the Court hearing in person. You may also choose to appoint legal counsel to attend the Court hearing on your behalf.

If you intend to make representations (either in writing or by telephone) and/or appear at the hearing (either in person or using legal representation), please inform us of your intention and the reasons in writing as soon as possible, and ideally before 10 December 2019, using the contact details on page 2.

Q14. How will the Transfer take place in practice?

The Transfer will take place by way of an insurance business transfer under Part VII of FSMA. This is a statutory process that enables insurance policies to be transferred between insurers, subject to Court approval.

Any costs will be paid by MALL and CLL and will not affect the benefits payable to existing policyholders.

Section 2. Frequently Asked Questions (continued)

Q15. When and where will the Court hearing take place?

The Court hearing is expected to be held at the High Court of Justice of England and Wales, Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL on 12 December 2019. If this date changes, we will post details on our website at: www.canadalife.co.uk/Part-VII-Transfer.

Q16. What will happen at the Court hearing?

The Court will consider whether it is appropriate to allow the Scheme to proceed. The judge will review the witness statements and evidence provided by MALL and CLL, and consider the reports of the Independent Expert and the PRA and the FCA. Time will be allocated to hear any representations made (whether in writing, by telephone or in person) by any person who believes that they would be adversely affected by the Scheme. The judge must decide whether or not it is appropriate to approve the Scheme, taking all of the evidence into account. If the judge decides to approve the Scheme, then a Court Order is made. The Scheme is expected to come into effect on 31 December 2019 at 23:59 hours (GMT).

Q17. What happens next?

The next thing to happen in this process is the Court hearing on 12 December 2019. This is when the Court will tell us whether or not it approves the Scheme. If the Court approves the Scheme, we expect the Scheme to take effect on 31 December 2019 at 23:59 hours (GMT).

Q18. How will I know if the Transfer has been approved?

Following the Court hearing we will announce the outcome at: www.canadalife.co.uk/Part-VII-Transfer. You should check this website for any changes, updates or further information on the progress of the Transfer.

Q19. Where can I find out more about the Transfer?

Please visit www.canadalife.co.uk/Part-VII-Transfer to download:

- The full Scheme document;
- The full Independent Expert's Report (and any other supplementary reports);
- Further copies of the documents in this pack; and
- The reports of the Chief Actuaries of MALL and CLL.

You may also request copies of these documents by contacting us using the details provided on page 2.

Appendix 1. Summary of the scheme

This summary sets out the key details of the Scheme and its effect on the Transferring Policies. In this summary, capitalised terms shall have the meanings given to them in paragraph 1.1 of the Scheme Document.

Transfer of the business

Subject to the approval of the Court, the long-term insurance business operated by MGM Advantage Life Limited (“**MALL**”) will transfer to Canada Life Limited (“**CLL**”). This is defined in the Scheme as the “**Transferring Business**”, and includes the Guaranteed Annuity and Flexible Income Annuity business lines, as well as certain insurance policies written in connection with The Retirement Account business line.

This means that, in the case of Guaranteed Annuity or Flexible Income Annuity policyholders, CLL will take over responsibility for all aspects of the relevant policies, including responsibility for making payments under the policies and paying claims and other monies due to relevant policyholders. In the case of The Retirement Account policyholders, MALL will continue to be responsible for the day-to-day administration of relevant policies and will remain the contracting, customer-facing entity. However, any insurance policies written in connection with this product (between MALL and the TRA Trustee) will be transferred to CLL, and CLL will become responsible for making payments due to the TRA Trustee.

The final Court hearing is scheduled for 12 December 2019 and the Scheme is expected to become effective on 31 December 2019. Such date and time is defined in the Scheme as the “**Effective Date**”. Unless the transfer occurred before 31 March 2020 (or such later date as the Court allows), the Scheme shall lapse.

If the Scheme is approved by the Court, CLL will acquire all of the rights, benefits and powers of MALL in relation to the Transferring Business. The holders of Guaranteed Annuity and Flexible Income Annuity policies will be entitled to the same rights against CLL in respect of their policies as they currently have against MALL. The Retirement Account policyholders’ rights against MALL will be unaffected by the Scheme.

Any contracts between MALL and a third party relating to the Transferring Business will also transfer so that they become contracts between CLL and the relevant third party. In addition, certain contracts relating to the Transferring Business between MALL’s service company (defined as “**MALL Servco**” in the Scheme) and various third parties will transfer so that they become contracts between CLL’s service company (defined as “**CLL Servco**” in the Scheme) and the relevant third parties. Any judicial, quasi-judicial, administrative, regulatory, arbitration or other proceedings or applications (including any complaint or claim to any ombudsman) whether pending, current or future by, against, in relation to and/or in respect of which MALL is a party (or, in the case of future proceedings, MALL would be a party to but for the Scheme) concerning or in connection with the Transferring Business shall be continued or commenced by, against or in relation to CLL.

Certain reinsurance arrangements will also transfer under the terms of the Scheme. The Guaranteed Annuity business line and the annuities provided under the terms of The Retirement Account are reassured with Hannover Rück SE. The arrangements relating to these business lines will transfer in full, and CLL will replace MALL as the cedant in respect of the Transferring Business. Additionally, MALL (as reinsurer) and Scottish Friendly Assurance Society Limited (“**Scottish Friendly**”, as cedant) are party to a reinsurance agreement pursuant to which the unit liabilities of an earlier, with-profit version of the Flexible Income Annuity are reinsured by Scottish Friendly into MALL. This arrangement will be transferred in full under the terms of the Scheme, such that CLL replaces MALL as reinsurer under the agreement.

CLL will succeed to all rights, liabilities and obligations of MALL in respect of personal data relating to the Transferring Business and will become the data controller of such information. CLL will also be under the same duty to respect the confidentiality and privacy of that information.

Other matters

If the Court approves or imposes any modification of, or addition to the Scheme (or any further condition or provision affecting the Scheme) prior to its sanction of the Scheme, MALL and CLL may consent to it for and on behalf of the parties to the Scheme and all other persons concerned.

After the sanction of the Scheme, CLL may apply to the Court for consent to amend its terms. If CLL makes such an application: (i) the PRA and the FCA shall be notified of and have the right to be heard at the Court hearing; (ii) CLL must obtain a certificate from an independent actuary confirming that in his opinion the proposed amendment will not adversely affect the interests (including the security or benefit expectations) of CLL policyholders, the Transferring Policyholders or holders of Residual Policies or Excluded Policies (as defined in the Scheme).

Minor and/or technical amendments will not require the sanction of the Court; however the PRA and the FCA must be given notice of such change and confirm they do not object.

Independent expert’s report

In order to help the Court to understand how the transfer could affect policyholders, a report on the transfer by an Independent Expert is required under section 109 of the Financial Services and Markets Act 2000. The Prudential Regulation Authority must approve the appointment of the Independent Expert (having consulted with the Financial Conduct Authority) and the form of his report.

Nick Dumbreck, a fellow of the Institute and Faculty of Actuaries, has been appointed as the Independent Expert. A summary of the Independent Expert’s report is included in this document.

Costs and expenses

CLL shall be ultimately responsible for costs relating to the Scheme incurred by itself as well as those incurred by MALL.

Appendix 2. Summary of the report of the Independent Expert

Background

I have been instructed by MGM Advantage Life Limited (“**MALL**”) and Canada Life Limited (“**CLL**”) to report to the High Court of Justice of England and Wales (the “**Court**”) on the terms of the proposed transfer of long-term insurance business of MALL (the “**Transferring Policies**”) to CLL. The transfer will be effected by means of a scheme of transfer (the “**Scheme**”) in accordance with Part VII of the Financial Services and Markets Act 2000. Subject to Court approval, the date on which the transfer takes place (the “**Effective Date**”) is expected to be 31 December 2019.

In January 2018, The Canada Life Group (U.K.) Ltd (“**CLG**”) acquired MGM Advantage Holdings Limited, the parent company of MALL, and MALL became an indirect subsidiary of CLG. Since the time of the acquisition by CLG, it has been the intention to consolidate the business of MALL into CLL, and operate both under the “Canada Life” brand.

The transferring business of MALL comprises retirement products in the form of guaranteed annuities, unit-linked non-profit investment annuities, and unitised pension products. MALL has one product open to new business, The Retirement Account (“**TRA**”), which is a Personal Pension Plan (“**PPP**”) comprising individually underwritten annuities and/or a unitised drawdown fund. There is a project underway to transform the structure of TRA from a PPP into a Self-Invested Personal Pension (“**SIPP**”), which will give TRA customers the option to invest in Open Ended Investment Companies (“**OEICs**”). As with the current PPP-based TRA, the SIPP will be used for pension accumulation and decumulation and MALL will act as the SIPP operator (referred to as the “**TRA Operator**”). To facilitate the conversion, it is necessary for MALL to seek the consent of individual TRA customers. TRA customers who explicitly decline the conversion will remain in a legacy PPP version of the TRA product. TRA annuities and investments in MALL unitised funds are held in Trustee Investment Plans (“**TIPs**”), and these will transfer to CLL under the Scheme, but TRA contracts between customers and MALL as the TRA operator will remain in MALL.

Stonehaven UK Limited, a subsidiary of MGM Advantage Holdings Limited, is an Equity Release Mortgage (“**ERM**”) provider, originating and servicing ERMs for MALL. ERMs are loans secured against a residential property with repayment triggered by death or entry into long term care. MALL uses ERM assets, restructured to achieve more favourable regulatory treatment, to match certain annuity liabilities.

Before the Effective Date of this Scheme, CLL expects to complete the transfer of a block of legacy business to Scottish Friendly Assurance Society Limited (“**Scottish Friendly**”) (the “**Mars transfer**”), through a separate Part VII process. Implementation of this Scheme is not dependent upon completion of the Mars transfer, and in my full report I have considered the expected impact of the Scheme on the financial position of CLL if it becomes effective before or after the Mars transfer.

I am a Fellow of the Institute and Faculty of Actuaries in the UK and a partner of Milliman LLP. I have fulfilled the role of Independent Expert for over 20 insurance business transfers. I confirm that I do not have any direct or indirect interest in MALL, CLL or other related firms that could compromise my independence.

My assessment of the effect of the transfer has been informed by the financial positions of MALL and CLL at 31 December 2018, the most recent date at which financial results for both companies are available at the time of writing. I have been provided with preliminary results as at 30 June 2019, on which I comment in my main report.

This is a summary of my full report dated 23 August 2019. Please refer to my full report (which is available from the CLL website) for the scope of my work and my conclusions, and the reliances, limitations and standards applying to my work. The full report and this summary do not provide financial or other advice to individual policyholders.

Before the final Court Hearing I will prepare a further report (the “**Supplementary Report**”) to provide an update on my conclusions regarding the effect of the proposed transfer on the different groups of policyholders in light of any significant events arising after my full report has been finalised. The Supplementary Report will include information on the financial position of the companies at 30 June 2019.

The effect of the transfer on transferring policies of MALL Security of benefits of the Transferring Policies

Solvency cover: If the proposed transfer had taken place on 31 December 2018, the level of cover for regulatory solvency requirements¹ would have been higher in CLL post-transfer than that in MALL pre-transfer. While there are some differences in the calculation of solvency capital requirements between the two companies, MALL using a Partial Internal Model (“**PIM**”) while CLL uses the Solvency II Standard Formula, both are calibrated to the same standard. CLG has applied for approval from the PRA to use a PIM to calculate its future regulatory capital requirements, and those of CLL and MALL.

Capital policies: MALL and CLL have capital policies aimed at maintaining cover for regulatory solvency requirements within an appropriate range. The policies express a target operating range and establish a minimum level of cover, below which appropriate actions are available to restore this minimum level. At 31 December 2018, the solvency cover of each company exceeded the target level.

I have reviewed the capital policies of both companies and have concluded that CLL’s capital management policy provides a slightly higher level of security for policyholders’ benefits than MALL’s policy.

Risk exposures: The dominant risks of CLL are broadly similar to those of MALL; however the Transferring Policies will have increased exposure to catastrophe risk through CLL’s group

¹ UK insurance regulations specify minimum levels of capital that an insurer must hold based upon the risks that it has written. Cover for regulatory solvency requirements is the actual capital that an insurer holds expressed as a percentage of the regulatory minimum.

insurance business, and currency risk through CLL's strategic equity investment in the Irish Life Group Limited.

Based on my review of all the relevant factors, I am satisfied that the transfer will not have a material adverse impact on the security of benefits of the Transferring Policies.

Reasonable expectations of Transferring Policyholders

The Transferring Policies comprise individual guaranteed and unit-linked annuities, and TIP policies held by the TRA trustee. In my view, policyholders' reasonable expectations in respect of their guaranteed and unit-linked annuities are principally that:

- They receive their benefits as guaranteed under the policy, on the dates specified, from the point of purchase;
- The administration, management, and governance of the policies are in line with the contractual terms under the policies;
- The standards of service received are at least as good as those they currently receive; and
- For unit-linked annuities, the unit pricing methodology, charges, and terms applicable to the minimum income guarantee are consistent.

There are no areas of discretion involved in determining the benefits payable on the transferring guaranteed immediate annuity policies. Therefore, policyholders' reasonable expectations in respect of their benefits are that they receive the amounts guaranteed under the policy. No changes are proposed to the terms and conditions of the Transferring Policies, and so the contractual benefits will be unchanged by the Scheme.

For unit-linked annuities, there will be no change to the terms of the minimum income guarantee as a result of the Scheme, and no changes to the range, charges, management or pricing of the unit-linked funds. Moreover the Scheme will not result in a change to the basis on which mortality credits for these contracts are determined.²

MALL's unit-linked insured funds will transfer to CLL as part of the Scheme. The Transferring Policies will remain invested in the same funds as previously, with the same range of funds available to them. Investment mandates, the level of charges and the pricing principles, including the allowance of tax, will be unchanged by the Scheme, and investment management of the underlying unit-linked funds will continue to be carried out by Canada Life Asset Management Limited.

Following the transfer, the Transferring Policies will be managed by CLL and subject to the governance of the CLL Board. MALL and CLL are subject to the same regulatory requirements concerning the governance of their long-term business, and CLL is experienced in the management of annuities and unit-linked business.

MALL policies are currently administered by Equiniti through an outsourcing agreement, which incorporates certain service levels.

After implementation of the Scheme, Equiniti will continue to provide administration under a new outsourcing contract with comparable service levels.

Conclusions for Transferring Policies

I am satisfied that the implementation of the Scheme will not have a material adverse effect on:

- The security of benefits of the Transferring Policies;
- The reasonable expectations of the Transferring Policyholders; or
- The service standards and governance applicable to the Transferring Policies.

The effect of the transfer on non-transferring contracts of MALL

Security of benefits of the non-transferring MALL contracts

Following the implementation of the Scheme all the long-term insurance business of MALL will be transferred to CLL. TRA contracts will remain in MALL, which will continue to arrange investment dealing and the issue of life policies for these contracts.

Following the implementation of the Scheme, MALL will still be subject to insurance regulations and will need to meet the minimum Solvency II capital requirement of approximately £3.3m. However, it is expected that soon after the transfer, MALL's insurance permissions will be removed and MALL will then be subject to the FCA capital requirement of a SIPP operator. Based on TRA business as at 31 December 2018, this capital requirement would have been approximately £1.1m, which would have resulted in post-transfer solvency cover exceeding the upper end of the target range.

I am therefore satisfied that the transfer will not have a material adverse impact on the security of benefits of the non-transferring MALL contracts.

Reasonable expectations of holders of non-transferring MALL contracts

The remaining contracts will be the TRA SIPP contracts and any legacy TRA personal pension contracts. The reasonable expectations of the TRA contract holders are that:

- Their contractual benefit entitlements will be met;
- Charges will be fair and in line with contractual provisions;
- Appropriate governance arrangements will remain in place;
- The range of investment options will not be materially reduced; and
- The service levels provided by MALL as the TRA operator will be maintained.

The range of investible funds (which will include OEICS following conversion to a SIPP structure) is not expected to change as a result of the Scheme, but may change as a result of periodic reviews of the investible fund range.

² The basis on which mortality credits are determined may change as part of an annual review in line with the terms and conditions, however.

Appendix 2. Summary of the report of the Independent Expert

No changes will be made to the administration and governance arrangements applicable to the non-transferring MALL contracts as a result of the transfer, and MALL will continue to act as TRA operator.

Conclusions for non-transferring MALL policies

I am satisfied that the implementation of the Scheme will not have a material effect on:

- The security of benefits on the non-transferring MALL contracts; and
- The reasonable benefit expectations of the holders of non-transferring MALL contracts.

The effect of the transfer on the existing policies of CLL

Security of benefits of the existing CLL policies

Based on the financial information I have received as at 31 December 2018, there would have been no material change to the financial strength of CLL as a result of the Scheme, and CLL's solvency cover would have continued to exceed the target level had the transfer taken place at that date.

CLL's existing business will not be materially changed as a result of the Scheme. However CLL will be exposed to a new risk type through the introduction of ERMs. A key feature of ERMs is the no negative equity guarantee, which means that CLL will incur a loss if the proceeds from the property sale are insufficient to cover the outstanding loan balance. There is the risk that property values are lower than expected over the long term, and the consequent losses increase further if policyholders live longer than expected. CLL intends to invest in new ERMs, whether or not the proposed transfer takes place.

The proposed transfer will not lead to any material change in the risk appetite or capital policy in accordance with which CLL is managed, and CLL's ability to comply with its capital policy will not be materially affected by the transfer.

Reasonable expectations of existing CLL policyholders

Following completion of the Mars transfer, the existing CLL policies will be protection, annuities and unit-linked contracts and therefore, in my view, policyholders' reasonable expectations in respect of their benefits under such products are:

- For protection products, policyholders receive their benefits as guaranteed under the policy;
- Annuity policyholders receive their income as guaranteed under the policy, on the dates specified; and
- For unit-linked business, policyholders receive their contractual benefits as set out under the policy, and the policies are operated in accordance with their contractual terms, including the level of charges.

The reasonable expectations of policyholders covered by the Mars transfer will be unaffected by the Scheme, whether it precedes or follows the Mars transfer.

The transfer will not lead to any changes to the servicing and administration arrangements for existing CLL policies, and no change is expected to service standards for these policies as a result of the Scheme.

There will be no changes to the contractual terms of existing CLL policies under the terms of the Scheme and there are not expected to be any changes to the benefits which any existing CLL policyholder can expect to receive as a result of the Scheme.

There will be no changes to the types or amounts of charges levied on the unit-linked funds as a result of the Scheme.

The governance of the existing policies will continue to be the responsibility of the CLL Board.

Conclusions for existing CLL policies

I am satisfied that the implementation of the Scheme will not have a material effect on:

- The security of benefits of the policyholders of CLL;
- The reasonable expectations of the policyholders of CLL; or
- The service standards and governance applicable to the policyholders of CLL.

Overall Conclusions

I am satisfied that the implementation of the Scheme will not have a material adverse effect on:

- The security of benefits of the policyholders of MALL and CLL;
- The reasonable benefit expectations of the policyholders of MALL and CLL; or
- The service standards and governance applicable to the MALL and CLL policies.

I am also satisfied that the Scheme is equitable to all classes and generations of MALL and CLL policyholders.

The Independent Expert's full report is available online at www.canadalife.co.uk/Part-VII-Transfer. It shows in much more detail how the Independent Expert has reached his conclusions. You can also request a copy by post, by calling MALL's helpline on 0800 032 7691 or +44 1903 894 153 if calling from outside the UK, or by writing to MALL at Canada Life, Part VII Transfer, PO Box 4993, Worthing, BN99 4AE.

Appendix 3. Legal notice

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES LIST (ChD)**

NO. CR-2019-003019

**IN THE MATTER OF
MGM ADVANTAGE LIFE LIMITED**

- and -

**IN THE MATTER OF
CANADA LIFE LIMITED**

- and -

**IN THE MATTER OF PART VII OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

NOTICE IS HERBY GIVEN that on 23 August 2019 an Application was made under section 107 of the Financial Services and Markets Act 2000 (“**FSMA**”) in the High Court of Justice of England and Wales by the above-named MGM Advantage Life Limited (“**MALL**”) and Canada Life Limited (“**CLL**”) (together, the “**Parties**”) for:

1. an Order under section 111 of FSMA sanctioning a scheme providing for the transfer from MALL to CLL of the UK insurance-based pensions, savings and life business of MALL, which, until 1 October 2018, was operated under the “Retirement Advantage” brand but is now being operated under the “Canada Life” brand (the “**Scheme**”); and
2. an order under sections 112 and 112A of FSMA approving certain incidental, consequential and supplementary matters that are necessary or desirable to ensure the successful implementation of the Scheme.

The proposed transfer will result in the long-term insurance business currently carried on by MALL being carried on by CLL. If the Scheme is sanctioned, it is expected to come into effect on 31 December 2019.

The following documents are available and may be obtained by any person free of charge by downloading them from www.canadalife.co.uk/Part-VII-Transfer, by making a request by email to Transfer@canadalife.co.uk or in writing to Canada Life, Part VII Transfer, PO Box 4993, Worthing, BN99 4AE, or by calling 0800 032 7691 (Freephone – from the UK) or +44 1903 894153 (overseas) between 8am and 6pm, Monday to Friday, except on bank holidays in England and Wales until the making of an order sanctioning the Scheme:

- A. a copy of the Scheme;
- B. a copy of the report on the terms of the Scheme prepared by an independent expert (the “**Independent Expert**”) in accordance with section 109(1) of FSMA;
- C. a policyholder information booklet, which includes: (i) a statement summarising the terms of the Scheme and the Independent Expert’s report; and (ii) a set of frequently asked questions and answers about the Scheme; and
- D. a copy of the reports of the Chief Actuaries of MALL and CLL.

All questions, concerns, or requests for further information relating to the Scheme should be referred to MALL using the above contact details.

The application is expected to be heard at the Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL on 12 December 2019. Any person (including any employee of MALL or CLL) who thinks that he or she may be adversely affected by the carrying out of the Scheme has the right to make representations and/or to appear at the Court hearing. It is requested that any person intending to object to or make representations in relation to the Scheme (either in writing or by telephone) and/or appear at the hearing (either in person or using legal representation) inform Canada Life, Part VII Transfer, PO Box 4993, Worthing, BN99 4AE in writing or by telephone on 0800 032 7691 (Freephone from the UK) or +44 1903 894153 (Overseas) as soon as possible and ideally before 10 December 2019 to set out the nature of their representations. This will enable MALL and CLL to provide notification of any changes to the hearing and, where possible, to address any concerns raised in advance of the hearing. If the requested notice is not given, attendance at the Court hearing, either in person or using legal representation, will still be permitted.

Slaughter and May
One Bunhill Row, London, EC1Y 8YY
Solicitors to MGM Advantage Life Limited and Canada Life Limited



Telephone calls may be recorded for training and quality monitoring purposes. MGM Advantage Life Limited, trading as Canada Life, is a subsidiary of The Canada Life Group (U.K.) Limited. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales. Registered no. 08395855. Registered office: 6th Floor, 110 Cannon Street, London EC4N 6EU.